

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 153160
ORIGIN STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 NSCE-00 ICAE-00
INRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00
SP-02 SOE-02 OMB-01 DOE-15 /110 R

DRAFTED BY STR:JTSTEWART:SMS
APPROVED BY STR:WBKELLY, JR.
STR:JSTARKEY
STR:SSCHWAB
STR:TGRAHAM
EB/TA:MSOUTHWICK
EUR/CE:JHURLEY
USDA:TOYLOE
COM:DSCHLECHTY
TREAS/EBARBER

-----090150 160207Z /61

O R 160050Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY VIENNA IMMEDIATE
INFO AMEMBASSY BONN
USMISSION GENEVA

LIMITED OFFICIAL USE STATE 153160

E.O. 11652: N/A

TAGS: ETRD, GATT, EAGR, AU

SUBJECT:AUSTRIAN OILSEED PROGRAM: DIPLOMATIC REPRESENTA-
TION

REFS: VIENNA 5220, VIENNA 5313

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 153160

1. PER SUGGESTION IN REFTELS, AMBASSADOR SHOULD MAKE REPRESENTATION AT HIGHEST APPROPRIATE LEVEL. PARALLEL DEMARCHE WILL BE MADE IN WASHINGTON AT APPROPRIATE LEVEL.
2. REPRESENTATION SHOULD INCLUDE PRESENTATION OF FOLLOWING DIPLOMATIC NOTE, WITH ANY SUPPORTING ARGUMENTATION ON INCONSISTENCY WITH GATT ARTICLE III:2 BASED ON NOTE'S

CONTENTS.

3. TEXT OF NOTE: (APPROPRIATE OPENING)

THE UNITED STATES GOVERNMENT IS DEEPLY CONCERNED ABOUT THE OILSEED PROGRAM APPROVED BY THE AUSTRIAN CABINET AND NOW UNDER CONSIDERATION IN PARLIAMENT. THE UNITED STATES GOVERNMENT FIRMLY BELIEVES THAT THESE PROPOSED MEASURES WOULD VIOLATE AUSTRIA'S OBLIGATIONS UNDER ARTICLE III:2 OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND WOULD SIGNIFICANTLY IMPAIR THE BENEFITS ACCRUING TO THE UNITED STATES FROM TRADE CONCESSIONS GRANTED BY AUSTRIA ON OILSEED PRODUCTS.

THE UNITED STATES BELIEF THAT THE PROPOSED MEASURES WOULD BE INCONSISTENT WITH THE PROVISIONS OF ARTICLE III:2 IS BASED ON THE FOLLOWING CONSIDERATIONS: AUSTRIAN AUTHORITIES HAVE STATED THAT THE PROPOSED CONSUMPTION TAX ON OILSEED PRODUCTS AND THE PROPOSED SUBSIDY TO DOMESTIC OILSEED PRODUCERS ARE DESIGNED TO STIMULATE THE OUTPUT OF OILSEEDS AND OILSEED PRODUCTS IN AUSTRIA. THIS GOAL IMPLIES THE SUPPLANTATION OF IMPORTED OILSEED PRODUCTS BY DOMESTIC PRODUCTION. THE PROPOSAL EVIDENTLY AIMS TO ACHIEVE THIS END BY IMPOSING THE CONSUMPTION TAX ON BOTH IMPORTED AND DOMESTIC PRODUCTS WHILE INDIRECTLY REBATING IT TO DOMESTIC OILSEED PRODUCT MANUFACTURERS THROUGH LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 153160

ARTIFICIALLY LOW PRICES ON OILSEEDS BENEFITING FROM THE PRODUCTION SUBSIDY FINANCED BY THE CONSUMPTION TAX. THIS SCHEME WOULD THUS VIOLATE ARTICLE III:2 BY SUBJECTING IMPORTED PRODUCTS TO INTERNAL TAXES IN EXCESS OF THOSE APPLIED, DIRECTLY OR INDIRECTLY, TO LIKE DOMESTIC PRODUCTS. TO THE EXTENT THAT THE PROPOSED MEASURES FAIL IN THEIR PURPOSE OF STIMULATING THE OILSEED INDUSTRY AND INSTEAD ENCOURAGE THE FEEDING OF DOMESTIC WHEAT, THEY WOULD BE INCONSISTENT WITH THE SECOND SENTENCE OF ARTICLE III:2 (AS INTERPRETED BY AD ARTICLE III:2) IN THAT THE PROPOSED CONSUMPTION TAX WOULD NOT APPLY TO FEED WHEAT.

THE UNITED STATES GOVERNMENT WISHES TO INFORM THE GOVERNMENT OF AUSTRIA THAT SHOULD THESE MEASURES BE ENACTED, THE UNITED STATES WILL REQUEST THE AUTHORIZATION OF THE CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE UNDER ARTICLE XXIII:2 TO SUSPEND THE APPLICATION TO AUSTRIA OF SUBSTANTIALLY EQUIVALENT CONCESSIONS. (APPROPRIATE CLOSING)

4. FYI: RE EMBASSY'S QUESTION, WE CANNOT INDICATE AT THIS TIME WHAT PRODUCTS WOULD BE SELECTED FOR POSSIBLE

SUSPENSION OF CONCESSIONS. CHRISTOPHER

LIMITED OFFICIAL USE

NNNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, OILS, DEMARCHE
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE153160
Document Source: CORE
Document Unique ID: 00
Drafter: JTSTEWART:SMS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780346-1186
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780648/aaaabpkx.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b61ac486-c288-dd11-92da-001cc4696bcc
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 VIENNA 5220, 78 VIENNA 5313
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2310220
Secure: OPEN
Status: NATIVE
Subject: AUSTRIAN OILSEED PROGRAM: DIPLOMATIC REPRESENTA- TION
TAGS: ETRD, EAGR, AU, GATT
To: VIENNA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/b61ac486-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014